



FOR IMMEDIATE RELEASE

March 3, 2011

Coffman Demands Action on China's Illegal Trade Practices *Calls Restrictions on Rare Earth Exports Unfair*

(WASHINGTON) - U.S. Rep. Mike Coffman (R-CO) sent a letter to U.S. Trade Representative Ron Kirk this week demanding he file a complaint with the World Trade Organization against China's unfair trade policy that limits exports of rare earth elements. Twenty-eight Republicans and Democrats in the U.S. House of Representatives joined him in signing his letter.

"Rare earths are the key to technological innovation and the growth of green energy jobs. They are also critical to U.S. national security. Currently, the world is nearly 100 percent reliant on Chinese exports for these vital materials. However, China has been reducing its export quotas every year since 2006, and has announced a further 11 percent reduction for 2011," Coffman wrote in his letter.

Coffman drafted his letter after learning about a recent confidential WTO report which concludes that it is illegal for China to impose trade restrictions on various raw materials. The WTO ruling was a response to a complaint filed in 2009 by the U.S., Mexico, and the European Union against China's export restrictions on raw materials vital for making steel and aluminum. In his letter, Coffman argues that the conclusion of the 2009 complaint suggests the WTO would take the same action against China regarding its trade policy on the 17 metals and oxides known as rare earth elements.

"A disruption in supply of rare earths could jeopardize national security, hinder our long-term efforts to achieve domestic energy security, and damage our world-leading high tech industries. While our nation must act to correct our domestic rare earth supply chain problem, we must also recognize that the lack of a level playing field for trade policy is harmful," stated Coffman in his letter.

Ambassador Ron Kirk
United States Trade Representative
600 17th Street NW
Washington, DC 20508

Dear Ambassador Kirk:

In light of the preliminary report by the World Trade Organization (WTO) concluding that China does not have a legal right to impose export restrictions on various raw materials, we are asking that you move forward on the separate, but clearly related, situation regarding Chinese exports of rare earth oxides and minerals.

Rare earths are the key to technological innovation and the growth of green energy jobs. They are also critical to U.S. national security. Currently, the world is nearly 100 percent reliant on Chinese exports for these vital materials. However, China has been reducing its export quotas every year since 2006, and has announced a further 11 percent reduction for 2011. This reduction of exports by Chinese officials is intended to feed their growing domestic market – a market in many cases instituted to exploit this very same supply restriction, and then consciously maintained by it. Wide-spread reports indicate China is using the restrictions of exports as leverage to force high-tech companies to relocate to China. Even more brazenly, last September and October, China engaged in a de facto embargo against Japan and, apparently, U.S. importers in an attempt to seek retribution for other matters.

These export quota and embargoes are contrary to China's membership obligations in the WTO. The preliminary report on the 2009 complaint filed by the United States, Mexico, and the European Union indicates that the reasoning behind Chinese trade policy is as unacceptable to the WTO as it is to us.

A disruption in supply of rare earths could jeopardize national security, hinder our long-term efforts to achieve domestic energy security, and damage our world-leading high tech industries. While our nation must act to correct our domestic rare earth supply chain problem, we must also recognize that the lack of a level playing field for trade policy is harmful. Accordingly, it is in our best interest to vigorously pursue our options before the World Trade Organization related to Chinese rare earth trade policy.

We look forward to hearing from you on this, and stand ready to assist you in any way.

Sincerely,

Rep. Mike Coffman (R-CO)
Rep. Todd Akin (R-MO)
Rep. Roscoe Bartlett (R-MD)
Rep. Brian Bilbray (R-CA)
Rep. Rob Bishop (R-UT)
Rep. Leonard Boswell (D-IA)
Rep. Russ Carnahan (D-MO)
Rep. John Culberson (R-TX)
Rep. Randy Forbes (R-VA)

Rep. Trent Franks (R-AZ)
Rep. Phil Gingrey (R-GA)
Rep. Walter B. Jones (R-NC)
Rep. Doug Lamborn (R-CO)
Rep. Robert E. Latta (R-OH)
Rep. Jerry Lewis (R-CA)
Rep. Daniel Lipinski (D-IL)
Rep. Cynthia M. Lummis (R-WY)
Rep. Daniel Lungren (R-CA)
Rep. Thaddeus McCotter (R-MI)
Rep. David McKinley (R-WV)
Rep. Cathy McMorris Rodgers (R-WA)
Rep. Peter Olson (R-TX)
Rep. Joseph Pitts (R-PA)
Rep. Dana Rohrabacher (R-CA)
Rep. Mac Thornberry (R-TX)
Rep. Scott Tipton (R-CO)
Rep. Joe Wilson (R-SC)
Rep. Robert Wittman (R-VA)

###

Connect with Congressman Coffman:

